

1 single point of interconnection and shouldn't be
2 required to connect to the new tandem?

3 A (Mr. Albert) I don't know if my
4 understanding of their position goes that deep,
5 because I'm not familiar with all of the particulars
6 of their term of their interconnection agreement.
7 The summary and synopsis I just gave you is the
8 level of depth with which I have been involved and
9 with which I'm familiar. So representing their
10 position any further, I don't feel like I can
11 accurately do that.

12 Q Mr. Albert, if a CLEC has a single point
13 of interconnection with Verizon to the tandems,
14 isn't it true that you create a single point of
15 failure if there's a problem with the facilities,
16 with the equipment at that single point of
17 interconnection, or potential single point of
18 failure?

19 A (Mr. Albert) I would say that's
20 potentially true. If you're using the term "point
21 of interconnection" to refer to the location such as
22 the central office, it is possible for a CLEC and

1 for a LEC to have diversified transport facilities
2 that exist within that central office that would
3 significantly reduce or potentially even eliminate
4 having single points of failure.

5 But depending on the specific design of
6 the interconnection that those parties use, it is
7 possible that they could have a design where it was
8 a single point. But it's not necessary and it's not
9 required.

10 Q Mr. D'Amico, may I please refer you to
11 page 6 of your direct testimony, line 13.

12 A (Mr. D'Amico) Okay.

13 Q Where you say Cavalier's costs in the
14 event of a tandem rehomming should be reasonable. Do
15 you know if, in fact, those costs are reasonable?

16 A (Mr. D'Amico) Well, again, I don't know
17 the specific costs of each CLEC or Cavalier's
18 specific costs, but again, rehomming a tandem is an
19 event that has happened, and all parties are
20 impacted, as well -- you know, including Verizon.

21 Q Sure.

22 A (Mr. D'Amico) So the cost to rehome to

1 that particular new tandem are borne by each
2 individual party, and they should be reasonable.

3 Q But you don't know for each particular
4 party if they are, in fact, reasonable, each and
5 every one?

6 A (Mr. D'Amico) No, again, I don't know the
7 specific cost numbers, but Mr. Albert is raising his
8 hand.

9 Q Yes, I see that.

10 (Laughter.)

11 Mr. Albert, could you --

12 A (Mr. Albert) My perspective is the cost
13 that CLECs and wireless customers and IXC's all incur
14 as part of a new tandem going into the network are
15 reasonable. On our end, we, Verizon, will typically
16 be in the range of about 10 million that we spend
17 for a new large tandem like Arlington going into the
18 network.

19 For a carrier, be that a CLEC or be that a
20 wireless or be that an IXC, for them to establish
21 facilities to that new tandem, they were -- their
22 costs are nowhere at all in the ballpark of the 10

1 million that we're paying. Even the total universe
2 of carriers' costs, if you add them all up, they're
3 nowhere near the ballpark of the 10 million that
4 we're paying.

5 So from that perspective, I believe that
6 their pieces of cost are reasonable and it's from
7 the perspective of relative to what we're paying
8 cash out of pocket.

9 Q But in response to my specific question,
10 do you know for a fact that each and every CLEC's
11 costs are reasonable for that particular -- for
12 these two particular rehomings that we've discussed
13 in the testimony?

14 A (Mr. Albert) My opinion from perspective,
15 for the reasons I just stated, I would say yes, I
16 believe that they are.

17 Q But you don't know for a fact, do you?

18 A (Mr. Albert) I don't know what each
19 individual CLEC's wireless and IXC's specific costs
20 were for the tandem in Arlington or the tandem in
21 Richmond. I couldn't give you a dollar cost to the
22 penny. But I can say that their total costs would

1 have been less than ours. When we're talking CLECs
2 involved, it was like over 50 different carriers
3 that were involved with the new tandem going into
4 Turner Road in Richmond.

5 MS. NATOLI: Mr. Perkins, it's almost
6 time. Do you have -- do you need a little bit more
7 time? Do you have more questions?

8 MR. PERKINS: Wrapping up, one last quick
9 question here.

10 BY MR. PERKINS:

11 Q Mr. Albert, do you know what the cost of
12 building fiber to a new tandem would be for a CLEC?

13 A (Mr. Albert) Incrementally it could be
14 anywhere from zero to some hundred thousand. Like
15 in the case of Arlington, most CLECs, most other
16 carriers, already had facilities into Arlington. So
17 incrementally, you know, that would be nothing. If
18 somebody didn't have anything into a particular
19 location, then they would be looking at either
20 collocating or purchasing transport from somebody,
21 they could be in the couple hundred thousand dollar
22 neighborhood if they had to do that.

1 Q In fact, it could be even more, couldn't
2 it, if someone were to have to actually build their
3 own fiber facilities?

4 A (Mr. Albert) If that was the case, that's
5 where I said you could easily be in the several
6 hundred thousand dollars.

7 A (Mr. D'Amico) I do have one thing to add
8 to that. The CLEC is in control of some of those
9 facility costs, by designating the POI. In section
10 4 of the interconnection agreement, Cavalier, as
11 well as whatever other CLEC would have that
12 language, would be in control of establishing the
13 point of interconnection, and each party would be
14 responsible for their facilities on each side of
15 the POI.

16 So again, not to confuse the difference
17 between the POI and the new tandem being added, if
18 Cavalier chose to have a POI that wasn't at that
19 tandem, then Verizon would be responsible for the
20 transport to get to that particular tandem.

21 In that example, they are in control of
22 the facility costs.

1 MS. NATOLI: I'm sorry, I don't mean to
2 interrupt, but I do think it's point for a point of
3 clarification. You're saying, then, that if a CLEC
4 chooses a point of interconnection and wants to
5 construct its own facilities, its fiber facilities,
6 to the point of interconnection, what then happens
7 if Verizon decides to rehome that particular tandem
8 that they have chosen as their point of
9 interconnection to another tandem?

10 Would the CLEC then be required to somehow
11 either extend its fiber to the new tandem or to
12 purchase trunk groups from the tandem where it is
13 currently interconnected to get to the new tandem?

14 And I think that's the relevant issue
15 here, at least -- I mean, that's important for my
16 understanding.

17 MR. D'AMICO: Correct. They have the
18 choice. In other words, if they have a POI at
19 tandem A and then tandem B is established, they have
20 the choice to establish a POI at that tandem B or
21 they can continue to have their POI, their point of
22 interconnection, at tandem A, and then although

1 there would still be trunking required to that
2 tandem, because of as Mr. Albert indicated, you need
3 to route it based on the LERG, the facility cost
4 would be on Verizon's side of the point of
5 interconnection, and therefore Verizon would be
6 responsible for that.

7 MR. LERNER: And they just pay a higher
8 reciprocal compensation?

9 MR. ALBERT: No, there wouldn't be a
10 change. Reciprocal compensation is an averaged
11 rate. So we would put in the transport facilities
12 between, say, like the first tandem and the second
13 tandem, and they would continue to pay reciprocal
14 compensation at the same, you know, approved,
15 in-place rates that had previously existed.

16 MS. NATOLI: And they would not have to
17 pay the cost of the trunks between the two tandems
18 to get the traffic?

19 MR. ALBERT: There wouldn't be trunks.

20 MS. NATOLI: Or whatever the facility is.

21 MR. ALBERT: That the transport
22 facilities, those would be Verizon's costs and there

1 would not be -- on our side of the POI, our physical
2 facilities, and there's not a charge to the CLEC for
3 those.

4 MR. LERNER: Other than the blended
5 reciprocal compensation rate.

6 MR. ALBERT: Other than whatever the
7 approved reciprocal compensation rates that
8 previously existed were.

9 MR. D'AMICO: Which is based on usage.

10 MR. LERNER: Any further questions on C2,
11 Cavalier?

12 MR. PERKINS: No further questions.

13 MR. LERNER: Verizon, you may
14 cross-examine.

15 MS. NEWMAN: We have decided to waive
16 cross.

17 MS. DAILEY: Well, should I go? Let's
18 follow up on that last point that we were
19 discussing.

20 Cavalier, can you address why that's not
21 satisfactory, why that wouldn't work for you?

22 MR. CLIFT: I'll address it from the terms

1 of an interconnection agreement. And I think we
2 were talking about a change of an interconnection
3 point and sometimes the interconnection point and
4 point of interconnection are being used
5 interchangeably. But for the sake of this argument,
6 it's really the same physical point of
7 interconnection. And if it were the case that
8 Cavalier would incur no additional costs and could
9 leave the physical interconnection point at tandem A
10 without moving it to tandem B, then we would have
11 done so.

12 But Verizon has instructed us, you must
13 move your interconnection point to tandem B and
14 incur the additional cost of getting to tandem B.
15 And if there's a facility cost involved, we would
16 either, A, have to construct that, or buy lease
17 facilities to get to tandem B, the facility costs
18 and trunking costs associated with that..

19 MS. DAILEY: Basically what you're saying
20 is what Mr. Albert and Mr. D'Amico just told us is
21 incorrect?

22 MR. CLIFT: That's correct.

1 MS. DAILEY: Verizon?

2 MR. D'AMICO: In the past, previous
3 contracts, Verizon did have an architecture or
4 conceptual thing which some of you may be familiar
5 with, where there's a POI and an interconnection
6 point and we get into GRIP and VGRIP and all of
7 that.

8 MS. DAILEY: That's not part of the
9 proposal here.

10 MR. D'AMICO: That's not part of this.
11 When there was a POI and an IP structure, that was
12 correct, if the POI was at tandem A, then Verizon's
13 IPs would have been all of its tandems or end
14 offices and there would be facility charges to get
15 to those IPs.

16 Under this proposal, under this structure,
17 and again, focusing on section 4.1.1, the route that
18 we're taking here is there's a point of
19 interconnection and each party is responsible to get
20 up to that point of interconnection, and the charges
21 that apply beyond that would be reciprocal
22 compensation.

1 MR. ALBERT: If you look at the
2 interconnection agreement we're now negotiating with
3 Cavalier, the going forward, they get to pick the
4 interconnection points. Once they have picked
5 them -- when I say "interconnection point," I'm
6 talking where their wires physically meet our wires.
7 But they get to pick them.

8 Once they picked them, we are allowed to
9 use them, "we" Verizon. But we aren't allowed even
10 to change them. In the contract going forward, they
11 pick them and we can use them, and we don't even
12 have the ability to change them.

13 So we're not even going to have in the
14 going-forward contract the circumstance where
15 Verizon is able to request that they change this
16 location of where the wires physically meet each
17 other.

18 Now, if you look at past contracts with
19 past CLECs, there were all sorts of different
20 varieties and variations on who paid for transport
21 under what circumstances. But that's not what we've
22 got going forward. It's not what we had in the

1 Verizon Virginia, AT&T WorldCom contracts, where the
2 same nature -- nature of the same issue of the POI
3 and who picks it was dealt with.

4 MS. SHETLER: So is what Verizon is
5 saying, that under the terms you've proposed, you
6 would not -- Verizon would not be sending a letter
7 to Cavalier saying you have to move your facilities
8 from tandem A to tandem B?

9 MR. ALBERT: We'd be sending the industry
10 a letter saying that you have to establish trunks
11 according to the LERG, to the new tandem. We would
12 send that to all IXCs, wireless, CLECs.

13 MS. SHETLER: Cavalier would have the
14 choice if it was interconnecting at tandem A of
15 saying I don't want to build facilities to tandem B,
16 I would like Verizon to establish the transport
17 between tandem A and tandem B and we will just pay
18 the same recip comp rate that we would have paid had
19 you never established the new tandem?

20 MR. ALBERT: That -- and Pete can correct
21 me if I'm wrong, but that's my understanding of the
22 way our going forward contract would work.

ACE-FEDERAL REPORTERS, INC.

Nationwide Coverage

202-347-3700

800-336-6646

1 MR. D'AMICO: As long as the POI, the
2 point of interconnection, is on Verizon's network.
3 And again, that is defined in the contract.

4 MS. SHETLER: Can I ask Cavalier, does
5 this make sense? As you understand the contract?
6 That you would not have to, under the new contract,
7 establish new facilities?

8 MR. CLIFT: It's my understanding that the
9 physical link between point A and point B, tandem A
10 and tandem B, that that physical connection between
11 those two tandems, it's our responsibility to make
12 that physical connection.

13 MS. DAILEY: Verizon is saying no, that
14 you're willing to make the physical connection now,
15 under the new contract.

16 MR. D'AMICO: Correct. If --

17 MS. DAILEY: And pay for it.

18 MR. D'AMICO: It's up to Cavalier.
19 They're deciding where the POI is. If they want to
20 maintain the POI at tandem A, then yes, we're
21 responsible on our side of the POI. If they would
22 like to for whatever reasons have multiple POIs,

1 then they would be responsible to get to those
2 additional POIs.

3 MS. NATOLI: Can I ask a question? Does
4 Cavalier -- if they decide to leave their POI at the
5 original tandem, do they get charged any additional
6 element or rate in reciprocal comp or anything else
7 as a result of their traffic traversing the
8 transport link between the two switches?

9 MR. D'AMICO: The rate they would pay for
10 traffic, reciprocal compensation traffic terminating
11 on Verizon's network from tandem A to tandem B on
12 those tandem trunks, would be the tandem reciprocal
13 compensation rate.

14 MS. NATOLI: The transport rate.

15 MR. D'AMICO: And I believe the current
16 rate in Virginia, I wrote it down somewhere, has a
17 couple zeros in it, and I'll find it in a second
18 here.

19 MS. NATOLI: You know what? The
20 particular rate isn't as important as -- but let me
21 ask you this. Is that rate a rate element that they
22 would be charged prior to the rehomings? What I'm

1 saying is, if they directly had a point of
2 interconnection at the original tandem and then
3 they -- you move it to the next tandem, are they
4 paying any portion of that rate element in the first
5 instance?

6 MR. D'AMICO: The tandem rate is the same,
7 whether scenario A or B.

8 MR. LERNER: The only way to get a lower
9 rate is if they bypassed the tandem altogether and
10 interconnected at a particular end office and then
11 they would just get the lower --

12 MR. ALBERT: Yeah. And again that's their
13 choosing, they get to pick. Once they have picked
14 it, we can also use it. But they get to pick it.

15 MR. D'AMICO: If they establish a POI at
16 that end office -- and again, I found the rates. I
17 believe the end office rate is 000927 versus a
18 tandem rate of 00159. So those are fairly low rates
19 for reciprocal compensation. Some of the lowest of
20 all the states that I've --

21 MS. DAILEY: Cavalier, is this news to
22 you?

1 MR. CLIFT: It seems like a different
2 concept that we're unfamiliar with. And it's not --
3 that's not the way the practice has worked in the
4 past. Now, what he's describing is a new practice.
5 It's my understanding -- and that's not talk -- I
6 think talking about reciprocal compensation kind of
7 confuses the issue, really.

8 I think what we really have to talk about,
9 to simplify this term, is the physical connection
10 between the new point B as opposed to point A. And
11 if Verizon is saying that they can -- that they will
12 provide the traffic link, the new facility up to
13 point B, wherever point B would be, that's a new
14 term to us.

15 MS. DAILEY: Well, it's not too late for
16 the parties to negotiate on this issue, so that's a
17 thought.

18 MR. CLIFT: If I may add on that, in that,
19 you know, again, the reason why I'm saying it's a
20 new term, because we've had discussions. We went
21 through a long process of negotiation of this thing
22 we're calling GRIPs. And the concept --

1 MS. SHETLER: Could you define that for
2 the benefit of the record?

3 MR. CLIFT: I'm sorry. "GRIPs" was a
4 buzzword in the industry dealing with transport
5 interconnection between CLEC networks and Verizon
6 networks, and "GRIP" stands for a geographically
7 relevant interconnection point. The term is used
8 generically about -- in terms of what I want to talk
9 about generically, in term of who pays whom for
10 transport between the networks. That's really what
11 it all boils down to.

12 We aren't talking about recip comp. We're
13 talking about transport charges for trunks and for
14 facilities.

15 MS. DAILEY: But -- I'm sorry to
16 interrupt. Verizon has said that GRIPs is not on
17 the table.

18 MR. CLIFT: No, I understand.

19 MS. DAILEY: I don't want to waste our
20 time --

21 MR. CLIFT: No, I'm not talking to talk
22 about GRIPs. But the point I'm making and the

1 reason why we appear to be confused as to whom would
2 do what is that the interconnection point is
3 changing. Up -- what Verizon is saying is that they
4 sent us a letter saying, beginning on this date,
5 you've got to rehome your traffic from Turner to
6 Gray, and it was our understanding that we had to
7 provide that facility and use new facilities to get
8 to Gray Street, as opposed to Turner.

9 What Mr. Albert is saying is we can just
10 continue to pass traffic at Turner Street.

11 MR. D'AMICO: Under the new contract.
12 Under the old contract, yes, you are responsible for
13 those facilities. Under this proposal, you have the
14 choice.

15 MR. CLIFT: Well, I guess that's their
16 arbitration point here. That's really what it boils
17 down to.

18 MS. DAILEY: I mean, we're not going --

19 MR. CLIFT: The point is --

20 MS. DAILEY: We are arbitrating a new
21 agreement. That's -- I mean, and historically, you
22 know, the Commission has dealt with GRIPs in the

1 past as well. But, you know, this is a
2 going-forward issue, and I encourage the parties to
3 take this discussion off line and see if maybe this
4 is the solution to Cavalier's problem. It sounds
5 like it might be, I guess.

6 I did want to ask a couple more questions.
7 One more follow-up, just to make sure that I have an
8 understanding. Verizon is not saying -- is Verizon
9 saying that in order to be eligible for this
10 essential free transport between point A and point
11 B, that there has to be a single point of
12 interconnection in the LATA?

13 MR. D'AMICO: No.

14 MR. ALBERT: Huh-uh. No, they get to pick
15 the points. They can pick one, they can pick 10,
16 and then we get to use them once they pick them. I
17 mean, I think in our negotiations, my understanding
18 is for interconnection, we've been morphing off of
19 the AT&T Verizon Virginia agreement. And we know
20 the outcome of that arbitration, and that's, you
21 know, what that agreement conforms to.

22 MS. DAILEY: How many tandems does Verizon

1 have in Virginia approximately?

2 MR. ALBERT: Oh, probably something
3 under -- around 10 or under. We've got five LATAs,
4 one tandem in Northern Virginia, one in Richmond, a
5 couple in Tidewater. Then we've got them sprinkled
6 throughout Culpeper, Leesburg and Fredericksburg,
7 two out near Roanoke and one in Lynchburg. Adding
8 all that up, probably around 10 or a dozen maybe.

9 MS. DAILEY: When a tandem gets full, does
10 Verizon generally --

11 MR. LERNER: I believe "poop out" is the
12 technical term.

13 (Laughter.)

14 MR. ALBERT: They do poop out. And then
15 we all gasp.

16 MS. DAILEY: Does Verizon always -- does
17 Verizon build a new tandem or does Verizon rehome to
18 an existing tandem? I mean, is there a rule of
19 thumb?

20 MR. ALBERT: Generally, although not
21 always, we will be putting a new tandem switch into
22 the network. The traffic may be rearranged in terms

1 of if that new tandem will handle both access and
2 local, or if we put in a new tandem and then split
3 so that one is local and the other is access. You
4 can get a couple variations on those themes. But
5 the net effect is we're talking about a new tandem
6 going into the network. So Arlington was a new
7 tandem going into the network. Turner Road was a
8 new access tandem going into the network.

9 The method of relief, just about always,
10 will involve a new tandem being put in, within
11 several variations on the theme of what does the end
12 picture after the new tandem look like.

13 MS. DAILEY: How many new tandems does
14 Verizon see on the horizon for, say, the next three
15 years?

16 MR. ALBERT: I was afraid you'd ask that.
17 I gave a forecast on the record or projection back
18 in -- when we were dealing with an issue in the
19 WorldCom/AT&T arbitration. In that arbitration, we
20 tried to get a requirement to save on tandem
21 exhaust. We tried to get a requirement that the
22 CLECs would use the same engineering design

1 parameters to determine the quantity of tandem
2 trunks that we, Verizon, ourselves used.

3 We lost on that issue, but our goal with
4 attempting to get that is that would help to control
5 the amount of tandems, because we've been adding so
6 many due to the explosive CLEC growth, we've gone
7 from zero to 275,000 CLEC trunks in Virginia.

8 MS. DAILEY: Is there a current forecast?

9 MR. ALBERT: No. My projection back then
10 had, in addition to the ones that we've had going
11 into Arlington and into Richmond and Norfolk, we did
12 have things on the fairly near-term horizon, I think
13 for Leesburg and for Fredericksburg and for Roanoke.

14 MS. DAILEY: Are the three that you first
15 mentioned already done?

16 MR. ALBERT: In progress. Richmond is
17 done. Tidewater is done. We've got like a couple
18 straggler carriers like Comcast that I mentioned in
19 the WashMet Arlington situation.

20 MS. DAILEY: Is Cavalier in the middle of
21 any tandem rehomings situations like now?

22 MR. CLIFT: No.

1 MS. DAILEY: When are these other ones
2 scheduled to come up?

3 MR. ALBERT: My recollection is they were
4 within the Leesburg, Fredericksburg, Roanoke, it was
5 probably within the next three years or so that we
6 were projecting about a year ago.

7 MS. SHETLER: None of those have started?

8 MR. ALBERT: Not that I'm aware of, but I
9 did not check.

10 MS. DAILEY: Cavalier, I want to ask you a
11 few questions. Actually, let me return to Verizon
12 for one follow-up.

13 I understand that there's -- well, strike
14 that.

15 How long should a typical tandem rehomming
16 take, from start to finish?

17 MR. ALBERT: I'll give you the classic
18 engineering answer of "it depends." The reason for
19 that is when you get into the particulars, there are
20 a number of different variations on how a cutover
21 can be done. I've seen, from when the tandem is
22 installed, the new tandem is installed, I've seen

1 them be as short as six months, I've seen them be as
2 long as 18 months.

3 MS. DAILEY: Okay.

4 MR. ALBERT: What happens is we move
5 Verizon's traffic first. That's always a common to
6 new tandems. So -- that's what kind of throws me
7 about this whole concept of delay. I mean, we
8 always move our stuff first, our local traffic.

9 Then we try to work through with all of
10 the other carriers, them getting their traffic
11 moved. Sometimes we get up to a point where we have
12 to set a window and we say okay, everybody, you
13 know, this window is it and you've finally got to
14 get your traffic moved to this -- by this date.

15 But we do try to be flexible and to
16 accommodate, with all of the IXCs and with the
17 wireless carriers and with the CLECs, you know,
18 stuff that will fit their schedules for their
19 abilities to move traffic. Turner Road, we did have
20 a fairly -- a fairly large IXC was at the beginning
21 of the alphabet, who waited until the very, very,
22 very, very tail end to move their stuff. So the